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## THE CENTRAL CONTROL OF THE VALUATION OF TAXABLE SUBJECTS

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It is more than a century and a quarter ago that Alexander Hamilton said in substance that no part of the administration of government requires for its proper management such extensive information and so complete a knowledge of the principles of political economy as the business of taxation.

The proposition then announced by Hamilton has since been repeatedly affirmed by others, and as the years have passed has come more and more to be recognized by students and well informed executives as a truth which should be impressed upon tax laws, and should also characterize the administration of revenue systems if all citizens are to be treated before the law in a relatively equal manner.

But while those who by reason of study or administrative effort are in close touch with the question and are unanimously agreed to the proposition, the public upon whom the burden of the tax rests is generally unresponsive or directly antagonistic to suggestions of students or experts or experienced administrators for the construction of revenue systems of the kind needed to place this branch of the public service upon the same plane of efficiency that private business in general occupies.

Whether this attitude of the public comes from inertia, lack of information, or other source, the result is the perpetuation of the loose and haphazard ways of laying taxes that have grown up in many jurisdictions.

The bottom fact of the proposition is that taxation is a business, and as such requires in its conduct the most highly developed methods that can possibly result from the combined knowledge of the student and the administrator.

Hamilton's influence in forming the federal system was great and has been lasting; but the system has often been changed more or less by partisan desires and action, and is not the product of the disinterested wisdom of experts. For example, only recently the

movement previously inaugurated to investigate upon non-partisan lines certain phases of the system has been checked and probably defeated; certainly for the time being.

The formation of the revenue systems of many of the states has not seemed to follow intelligent design. The systems have been built largely piece-meal; have been guided in growth sometimes by legislative thoughts of expediency, at other times by popular demands for changes in revenue measures inspired by the wiles of the demagogue who too often speculates upon the credulity of the uninformed; and at still other times by those able to influence legislation for their own selfish purposes.

Until comparatively recently, administration of many branches of public business in the states has proceeded quite independently of expert or scientific knowledge, but within the past two or three decades many states have realized the benefits which have come to other governments through the employment of experts in the various lines of service and are taking over approved methods in order to have like benefits within their own jurisdictions.

There is need of an educative movement so that the people may come to realize that there is in the land a great body of intelligent, able and high-minded students who by careful inquiry into past experiences of the race have become qualified to propose measures to law-making bodies which if placed on the statute books will greatly promote social welfare; and it should also become commonly known that large numbers of public servants in the various branches of service are earnestly seeking ways to improve the law and its administration so that the benefits of government shall be enjoyed by citizens and its burdens borne by them in a relatively equal manner.

In keeping with the modern centralization of productive energies, there has been a centralization, though in much less degree, of governmental activities, much the larger part of the movement having occurred within the past one or two decades.

Real equality in laying taxes upon property requires relatively equal assessments of all property in a given assessment district, for within the district the rate of tax for district purposes must be uniform.

Some districts are a complex whole constituted by smaller districts as units, and may themselves be units in the formation of a still larger district. Ordinarily, a school district is the smallest area

in which a particular tax rate is applicable; but school districts are seldom assessment districts; in combination with other like districts having different rates of levy for school purposes they form the township assessment district.

The township district tax rate varies among the township districts, and all such districts unite with city districts to form the county assessment district. The rates of tax vary among the county districts, but are uniform over their respective areas and the county districts are units in the formation of the state assessment district where the state tax rate applies to all property uniformly.

Thus the unit assessment district least in area may be the township or the county. Under the township plan, values for county purposes are fixed according to the varying opinions of numerous assessors who are seldom chosen because qualified for the work. Under the county plan, one judgment fixes all values, and it hardly needs saying that uniformity in assessment is here possible while it is impossible under the other plan.

Boards of equalization are functionaries common to the states, and as the name implies are designed to remove inequalities in the assessment. Experience shows that such boards are not able to furnish all the remedies provided by law. They lack a knowledge of the conditions which surround individual taxpayers, and do not have the time during the assessment period within which to acquire the information necessary to advise them as to the condition of all taxpayers in their respective jurisdictions, and this knowledge is a prerequisite to a removal of inequalities which may occur in the local assessment. Individuals who complain in legal form may have relief, but those who lack the information of how to proceed to obtain relief and those who discover their grievances too late to apply for it, must go without a remedy.

It follows that equality in the original assessment is the indispensable condition to a real equality in laying taxes, and that the larger the area covered by one assessing power the greater will be the uniformity of valuation among taxpayers.

Logically the centralization of the actual work of assessment should be with the authorities of the state district so long as the state tax levy is laid upon all property in the state; but the great burden of taxation arises from local tax rates and a centralization of the assessment work in the county authorities with a directory and super-

visory control by the state will afford a method both practicable and expedient, and therefore suitable to achieve the desired end.

Ideal centralization involves the control of the machinery of assessment, and this means of course appointive instead of elective assessors. In no other way than by appointment is it possible to select assessors because of their qualifications and to continue them under civil service rules so long as they prove to be efficient. Centralization is thus necessary for general tax purposes, and the prevalent emphatic movement toward centralization affirms its desirability and expediency.

However, the unsatisfactory results attending the assessment of certain forms of corporate property by a divided responsibility first led to centralization. It was quite early in the history of these corporations found to be utterly impracticable to assign to numerous persons the valuation of parts of a railroad, a telegraph or a telephone line situated in the different districts through which the railroad or the other lines were constructed, and soon it became the policy to create state boards to assess this class of property. The property of such corporations being usually public service corporations and subject to local tax rates, justice required that it be assessed in a relatively equal manner with local property, but this proved to be a difficult proposition because the railroad or other line was assessed by one authority at a uniform value in all the districts through which it passed, while local property as valued by the local authorities varied greatly in the different districts from the uniform value of the railroad or other line. Because of the resulting wide variation from a single standard of valuation there arose inevitably the need of a central authority to place all property upon the same basis of actual value, and state boards of equalization, tax commissions or other central bodies were a natural growth.

In 1842 there came a degree of centralization in New Hampshire, and in after years more or less centralization occurred in other states: in Indiana, in 1851; Massachusetts, 1865; Dakota, 1868; Kansas, 1869; Missouri, 1871; Illinois and Iowa, 1872; Arkansas, 1878; California and Wyoming, 1879; New York, 1880; Vermont, 1882; New Jersey, 1884; North Dakota, South Dakota and Washington, 1890; Rhode Island, 1898; Wisconsin, 1901; Nevada, 1903; Oregon, 1909; Ohio, 1910.

The method was first developed largely in connection with the

assessment of public service corporations operated interstate or inter-county, but gradually the central bodies were reformed and given additional powers tending to the control of general assessments.

Important powers lodged with permanent tax commissions or with bodies having analogous duties to perform are the following:

The administration of oaths in all matters concerning proceedings in connection with the discharge of official duties.

The formulation and promulgation of a uniform method of keeping tax rolls and other records relating to taxation, for use in all counties of the state.

The formulation and promulgation for use in the several counties of all forms necessary in the listing, assessment and return of property and collection of taxes.

Power to exercise a general supervision over and to direct county assessors in the performance of their duties.

Authority to investigate generally the condition of the system of taxation throughout the state in order to report to the legislature needed changes in the system designed to promote a general equality of taxation.

The power to require local officers having to do with assessment and the collection of taxes or the disbursement of public funds to report in such form as the central body may require, information bearing upon any investigation being made; and in such investigation to call upon individuals and corporations for information bearing upon the subject of taxation; to examine books and papers; summon witnesses to appear and testify and to produce books and papers before it at a time and place to be appointed by it.

Authority to prescribe all needful rules not inconsistent with law for the orderly, methodical, and effective performance of its duties as a board of assessment or otherwise, and for conducting hearings and other proceedings before it.

Authority to exercise a general supervision over the administration of the assessment and tax laws of the state, over the township and city assessors, boards of county commissioners, county boards of equalization and all other boards of levy and assessment to the end that all assessments of property, real, personal and mixed, be made relatively just and uniform.

Power to confer with, advise and direct assessors, boards of commissioners, boards of equalization, and others obligated under the

law to make levies and assessments as to their duty under the statutes.

Power to direct proceedings, actions and prosecutions to be instituted to enforce laws relating to penalties, liabilities, and the punishment of public officers, persons and officers or agents of corporations for failure or neglect to comply with the orders of the central authority or with the provisions of law governing the return, assessment and taxation of property; and to cause complaints to be made against assessors, county commissioners, county boards of equalization, or other assessing or taxing officers in the courts of proper jurisdiction for the removal from office for official misconduct or neglect of duty.

Power to call upon the attorney general of the state, or the county attorney of the respective counties to assist in the commencement and prosecution of actions and proceedings for penalties, forfeitures, removals and punishments for failure to observe the tax laws of the state.

Power to require township, city, county, state or other public officers to report generally upon matters of taxation, and particularly to make and prosecute research and investigation concerning the detailed properties of corporations, the business, income, reasonable expenditures and true values of the franchises and properties of all public service corporations doing business in the state.

Power to summon witnesses from any part of the state to appear and give testimony and to compel such witnesses to produce records, books, papers and documents.

Authority to cause the depositions of witnesses residing within or without the state or absent therefrom to be taken in accordance with the customary practice in taking depositions.

Power to make appraisalment and assessment of the property of all public service corporations which are not confined to the limits of a single county.

Power to require any county board of equalization at any time after its adjournment to reconvene and to make such orders as shall be determined to be just and necessary, and to direct and order such county boards of equalization to raise or lower the valuation of the property, real or personal, in any township or city, and to raise or lower the valuation of the property of any company or corporation; and to order and direct any county board of equalization to raise

or lower the valuation of any class or classes of property, and generally to do and perform any act or to make any order or direction to any county board of equalization or any local assessor which may seem just and necessary in order that all property shall be valued and assessed in the same manner and to the same extent as any and all other property, real or personal, which is required to be listed for taxation.

Power to prosecute any member of any board of county commissioners and any assessor for violation of any of the rules and regulations which may be prescribed by the central body, or the violation of any statute of the state relating to assessment of property and the collection of taxes.

Power to prescribe a list of questions to be answered by taxpayers or other persons.

Power to sit as a state board of equalization and to equalize the assessment of property throughout the state; to equalize the assessment of all property in the state among persons, firms or corporations of the same assessment district, among cities and townships of the same county, and among the different counties of the state, and the property assessed by the said central body in the first instance; the equalized value so fixed to be adopted as the assessment roll for the extension of all tax rates, state and local.

Power to order a reassessment of all or any part of the property assessed by the local authorities in any given assessment district; such assessment to be made by assessors appointed by the central body and the assessment to be made at the expense of the district so reassessed.

Power to remove county assessors for dereliction in duty and to approve of the removal by the county assessor of deputy assessors.

All of the above powers—and others of less importance not mentioned—have been given to one or more permanently organized central bodies, and are illustrative of the modern tendency to organize the business of taxation upon lines of efficiency.

The responsibility thus placed with some of the central bodies is very great, and calls for a large knowledge and a wise discretion in the performance of duty. Power, and an inclination to its full use, usually go hand in hand. Careful deliberation before the exercise of authority is very important, and it will be found many times that power held latent but ready for use will be fully as effective for good as if it were exerted.



One form of centralization is yet to come, and this will be in relation to corporations operating transportation and transmission lines interstate. There is at least as much justification for a centralized assessment of the property of these corporations as there is for a central assessment of like property of lines crossing several districts within a given state. In fact, such centralization would seem to be more needed because under the irresponsible divided system now obtaining there is a tendency on the part of states to reach out and import values pertaining to property of public service corporations operating interstate. Just how this centralization will come is a matter of speculation. The power of assessment may be lodged in a body raised by Congress, or the central body may be appointed jointly by the states interested, under some federal law of control, with proper provision for a division of the value of the property of particular lines of transportation or transmission among the states through which the lines are built.

The revenue systems of the states are so diversified, and the duties required of central boards are so many and varied that classification of the boards is very difficult.

An interesting classification of central boards that are charged with the duty of corporate assessments in one form or another may be found in Part V of the valuable report of the federal commissioner of corporations on the taxation of corporations, made to the department of commerce.

In the first class are included wholly *ex officio* boards or officers, and these exist in New York, Pennsylvania, Delaware, North Dakota, Iowa, Nebraska, Missouri, Montana, Idaho, Wyoming and New Mexico. (Since the report a permanent tax commission has been created in North Dakota.)

In the second class are the boards, one or more members of which are *ex officio* and the remaining members are specially chosen either by election or appointment. The boards of this class are found in Connecticut, Indiana, Illinois, Michigan, Oregon and California.

The central authorities not classed as above indicated have memberships wholly selective and are in the following states: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, New York, New Jersey, Maryland, Ohio, Wisconsin, Minnesota, North Dakota, South Dakota, Kansas, Colorado, Utah, Nevada, Washington and Arizona.

Boards or officers having central authority are variously named as follows: comptroller, auditor general, state treasurer, state auditor, secretary of state, state board of equalization, state executive council, state board of equalization and assessment, tax commission, state board of tax commissioners, state board of assessors, state board of appraisers, commissioner of taxes, etc.

The classification mentioned above was prepared by the commissioner of corporations with relation only to the central assessment of corporate property. To harmonize with what is here said a different arrangement is needed. The nomenclature of the central authorities is so varied that one or another name must be selected to designate a class of which the members may be variously styled. A consideration of the functions of the central authorities naturally suggests a three-fold classification, i.e.:

I Authorities that are charged only with the assessment of corporate property or the determination of the amount of tax due from certain corporations.

II Those that have not only the duties of the first class to discharge but in addition are required in some degree to equalize assessments in general.

III Those that perform not only the same duties that are imposed upon members of classes I and II, but are required also to exercise a directory or supervisory control of the work of local assessors.

Class III is under consideration in the preparation of this paper, and its members may be generally designated as "permanent tax commissions."

Among the individuals of the class, centralization is more or less differentiated. The Indiana commission was the first body to be granted what may be called extraordinary powers, and as the other states have since created similar commissions in rapid succession, the policy has been to give added powers until in a few jurisdictions the commissions have practically all the authority that is needed.

As the benefits of centralization have been perceived there has resulted also increased powers to the earlier created bodies. The only thing which tends to check the movement towards centralization is the separation of the sources of state and local revenue. In states where this system has been provided, the tendency is naturally away from centralization except as to the assessment of property which provides the state with revenue.

States which have members of class III appear in the following statement in chronological order of creation, as near as could be ascertained; and also there are given the dates when the commissions were organized, so far as such information is available.

States	Date of Law	Date of of organization
Maine.....	March 26, 1891	1891
Massachusetts.....	1891	1891
Indiana.....	1891	1891
New York.....	1896	1896
Michigan.....	1899	1899
Wisconsin.....	April 19, 1899	June 7, 1899
Connecticut.....	1901	July 1, 1901
North Carolina.....	1901	1901
West Virginia.....	Aug. 11, 1904	Nov. 28, 1904
New Jersey.....	March 29, 1905	April 3, 1905
Texas.....	April 17, 1905	Aug. 13, 1905
Washington.....	1905	1905
Alabama.....	1907	1907
Kansas.....	March 7, 1907	July 1, 1907
Minnesota.....	April 25, 1907	April 27, 1907
Arkansas.....	May 12, 1909	May 18, 1909
Oregon.....	1909	1909
Wyoming.....	1909	1909
Ohio.....	May 10, 1910	July 1, 1910
New Hampshire.....	April 15, 1911	May 1, 1911
North Dakota.....	1911	July 1, 1912
Colorado.....	June 2, 1911	May 20, 1912
Rhode Island.....	Feb. 15, 1912	Feb. 20, 1912
Arizona.....	May 12, 1912	May 18, 1912
Georgia.....	1913	1913
Maryland.....	1913	1913
Nevada.....	1913	1913
Montana.....	Feb. 1913	April 1, 1913
South Dakota.....	Feb. 13, 1913	Feb. 26, 1913
Idaho.....	March 13, 1913	May 13, 1913
Florida.....	June 7, 1913	July 10, 1913
Vermont.....	no data	no data

In Wisconsin an income tax has largely replaced the personal property tax, and the tax commission appoints all assessors of incomes. In Ohio, deputy state tax commissioners are appointed by the governor, and are subject to removal by the tax commission with the consent of the governor. Deputy assessors are appointed by the deputy state tax commissioners, but all are under the absolute control of

the tax commission. The Ohio commission is among the latest creations, and as the result of the benefits of centralization observed in other states, has been assigned nearly all the powers that have been devised to give full centralized control of assessments.

In a few other states the commissions have power to appoint assessors, but this ideal power has not yet been extensively bestowed. Efficiency in this branch of the public service will certainly be sooner realized under an appointive assessor system than where such officers are elective. Under the first plan they can be chosen because of their qualifications and can be retained so long as they efficiently and honestly serve the public. Under the elective system the choice is a sort of "hit or miss" selection. Rarely will a qualified officer be chosen in this way. As a rule qualifications for special work receive little consideration at the polls.

In conclusion some of the results of the work of commissions are as follow:

*Arizona:* Organized 1912, but three weeks thereafter the assessment rolls were closed and but little could be done that year. The commission re-wrote the entire revenue laws of the state and removed inequalities. The bills prepared became laws. An investigation showed that there was great inequality in the distribution of the tax burden, and resulting action increased the revenue from mines from 19 per cent of the total tax previous to the organization of the commission to 37 $\frac{7}{8}$  per cent of the total tax in the first full year of the commission's work, and the revenue from railroads from 12 per cent of the total to 22 $\frac{7}{8}$  per cent.

A careful system of checking in regard to stock shipments resulted in a large number of animals being placed upon the roll that had previously escaped taxation. Pursuant to a law written by the commission and enacted by the legislature, the state revenue will be increased in 1914 to the amount of \$18,000 from a source never before taxed, *i.e.*, the property of private car companies. A careful equalization of all property in the state has already brought about a more equitable distribution of the tax burden. In 1911 the total taxable valuation of the state was \$98,000,000 and through the work of the commission the total in 1914 will approximate \$408,000,000.

*Arkansas:* The endeavor of the commission has been to have the property in the state assessed at approximately fifty per cent of its full value. An investigation caused the commission to conclude that the property of utilities, the assessment of which was to be made by the commission, had previously been assessed at about 30 per cent of its value; by the assessment of the commission it is now valued at from 45 per cent to 50 per cent of full value. In 1908 it was assessed at \$51,000,000, and the latest assessment by the commission was a little over \$90,000,000.

In like manner the commission raised the valuation of telephone and pipe line companies from 20 per cent of full value to 50 per cent of the same. The original assessment at a million dollars has been increased to three million. Other public service corporations which were in 1908 assessed at two millions were in 1913 assessed at something in excess of six millions of dollars. All property now assessed by the commission was valued in 1908 at \$55,000,000; the commission value in 1914 is a little in excess of \$102,000,000. The result is more real equality in the distribution of the tax burden.

This commission lacks power of equalizing assessments between individual taxpayers, and as the variation from true value is all the way from 5 per cent to 100 per cent great inequality exists which the commission cannot as yet remedy, but is looking for a more elastic and equitable law at the hands of the legislature which will permit the removal of the inequalities now existing. The commission administers the corporation franchise tax. The commission drafted and submitted to the legislature in 1911 a law providing a franchise tax to be paid by corporations on that part of their capital stock employed in Arkansas. The tax is  $\frac{1}{15}$ th of one per cent. Under the old law the revenue from this tax was about \$65,000; under the new law the amount received is \$180,000.

*Colorado:* Through the work of this commission for the first time in the history of Colorado the law has been enforced which requires property to be assessed at full value. Correspondingly, the tax rate has been reduced from over 40 mills to  $13\frac{5}{10}$  mills. In 1913 for the first time there was something like a fair equalization of value among the sixty-three counties. Under the supervision of the commission the county assessors have made a more full and complete listing and valuation of local property. As the result of the work of the commission, co-operating with county assessors and county boards of equalization, the tax burden is more equitably distributed among the different classes of property than ever before.

An instance of an equitable shifting of the tax burden is the following: agricultural lands and improvements have been increased nearly \$50,000,000; metalliferous mining property has been increased \$28,000,000, while town and city lots and improvements have been reduced \$65,000,000. Local public utilities formerly assessed by county assessors at \$16,000,000 in round figures were assessed by the commission in 1914 at \$68,000,000. The larger public service corporations, such as railroads, etc., under the old law were assessed at approximately \$60,000,000, and for the year 1914 by the commission at \$195,000,000.

Before the creation of the commission the tendency on the part of the county assessors was to so act in assessing as to shirk the state tax, there being a great rivalry among the county assessors in this particular, and as a result the state had become practically bankrupt. The constitutional limit of state tax is four mills, and as the result of the commission's efforts is now only one and three-tenths mills. The effect is to put the state upon a sound financial basis.

The commission has drafted and secured the enactment of several effective revenue measures. There has been a general toning up in the administration of the assessment laws and in the collection of taxes.

*Connecticut:* In this state there is only one officer, the tax commissioner, who first took office July 1, 1901. In this state there is separation of the sources of state and local revenue. Under the administration of the commissioner the assessment of buildings and land has been separated. Pursuant to his recommendation the terms of offices of the assessors have been lengthened to three and four years, thus giving the municipalities the benefit of experienced assessors. The educative work performed by the commissioner has produced meetings of assessors, boards of revenue and tax collectors, at which meetings the laws in relation to the duties of each of these classes of officers and methods of administration have been discussed, and the result is that now there are two associations of tax officials which hold annual meetings and have definite programs of speakers. The whole result is educational and is causing the public to take notice of tax matters.

Pursuant to the recommendations of the commissioner, there have been a number of changes in the tax laws of the state whereby the public interest has been promoted. The law in relation to the taxation of forest lands now provides a nominal tax on the value of the land during the period of growth, and a yield tax at the time the timber is cut. Pursuant to the recommendations of a special commission, of which the commissioner was a member, the legislature has changed the law in relation to the assessment of telephone and telegraph companies. The former system of taxing physical properties of the kind has been replaced by a gross earnings tax which yields a larger revenue to the state without unjustly burdening the companies. Another change in the law has abolished the taxation of inheritances of non-resident decedents so far as personal property is concerned.

This commissioner, in so far as his authority extends, has been intelligently active with the result that in many ways the public has been benefited.

*Florida:* This commission is new, the date of organization being July 10, 1913. As yet it has had little opportunity to produce results. The aim of the commission is to get all property in the state assessed upon a basis of full cash value as the law requires, but it has found that such result will be inexpedient for the present year, 1914, and is operating with the fifty county assessors of the state to get all property assessed upon a basis of fifty per cent of actual value. In succeeding years full value will be the aim. Upon the fifty per cent basis of value the aggregate assessment has been increased from \$234,000,000 in the previous year to \$295,000,000 in 1914; and correspondingly the state tax levy has been reduced from 7½ mills to 5½ mills. Some effort has been made to equalize values of property among counties and also in some instances the property of a particular kind in single counties. The educational effect of the commission's work is apparent in the fact that the public begins to realize the importance and necessity of a centralized assessment.

*Idaho:* This is also a new commission, its organization having been made on May 13, 1913. Consequently, it has had but little time within which to produce results. Among the achievements is an estimated amount of \$150,000 in taxes saved through the enforcement of the law regarding the collection of unsecured personal property taxes at the time of assessment. The assessment of public utilities after a careful investigation has been increased several mil-

lions of dollars for the purpose of more equally distributing the burden of taxation among the different property owners. A vigorous enforcement of the inheritance tax law has resulted in the collection of a considerable amount of delinquent inheritance or transfer taxes.

*Kansas:* The first assessment of all property in the state under the control of the commission was in 1908. Total assessment \$2,451,560,397. The total assessment of the previous year under the old plan, \$425,281,214. Average rate of levy for all purposes in the state 1907, .0469638; average rate of levy for all purposes in the state 1908, .0086548. Average state levy 1907, old plan, .006; average state levy 1908, .0009. The sixth assessment under the control of the commission produced an aggregate of \$2,809,801,434, and average rates for state .0012; for all purposes .01048995. The rates it will be observed have not been correspondingly reduced with the increase in valuation, but this is accounted for by the fact that public expenditures in 1913 exceeded those of 1907 by the sum of \$8,985,780. In the assessment under the new plan, property has been brought practically to actual value, and the increase in various kinds of property ranges from 300 per cent to 1,000 per cent. Thus property is brought upon an equal plane of assessment.

One important result under the new plan is that the practice of under-assessing valuable properties relatively with less desirable and less valuable properties has been to a great extent eliminated. The educational work of the commission with the local officers has elevated the standard of work and has substituted for a desire under the old plan to under-assess, an earnest effort to actually assess property at its full value.

Another result has been to get upon the tax roll personal property in excess of \$300,000,000 never before taxed.

At the instance of the commission, many important amendments have been made to the statutes tending to cause a more equal distribution of the tax burden.

The commission drafted a legacies and successions tax bill, and secured its enactment in 1909, the provisions of which administrated by the commission brought to the general revenue of the state approximately \$200,000 per annum. This law after four years of successful operation was in 1913, as the result of partisan politics, repealed absolutely.

A law written by the commission and enacted by the legislature doubled the revenue derived from express companies.

Another law proposed by the commission more than doubled the revenue received from private car companies.

All increases in revenue produced through the work of the commission tend only to equalize the distribution of the tax, and do not unjustly burden the sources of the revenue. The commission has large powers, but has refrained from exercising extreme power except in a few cases of emergency. Its power to remove assessors has only once been exercised and that indirectly by suggesting a resignation; it has several times approved the removal of deputy assessors by the county assessor. The power to reassess districts has been exercised several times, always with good results. In such cases the assessors are appointed by the commission.

*Massachusetts:* In this state there is only one officer possessing the central authority, the tax commissioner. The department was created in 1891, and since that time there have been but two incumbents of the office. The term of the first commissioner expired by reason of his death in 1899, and the present commissioner has since been in office.

Under this commissioner the taxation of corporations has been made uniform so far as the laws are uniform. The revenue of the commonwealth has been increased. Local assessments have been considerably equalized and the procedure of local boards has been made uniform. The administration of the inheritance tax law has been made even and searching. The chief reason probably for the good which this commissioner has been able to accomplish has been his freedom from molestation on account of partisan politics.

*Michigan:* The chief benefit from the work of this commission has been in placing upon the assessment rolls a large amount of property which had formerly entirely escaped taxation, and by the exercise of its powers of review of assessments, the correction of innumerable inequalities in individual assessments. During the past three years twenty counties have been completely reassessed by the commission and property placed upon the rolls at its true cash value as required by the constitution and the laws of the state. This procedure was made necessary by the manifest inequalities between individual assessments resulting from the inefficiency of local workers. The commission instituted probably the first searching investigation as to the proper basis for the assessment of the property of transportation companies.

*Minnesota:* The work of this commission has been very effective and has resulted in the following benefits to the public.

A classified assessment law by means of which in the year 1914 there is the first full and fair assessment of property that has been made in the state in fifty years.

A complete system of assessing mines and mineral property which in operation has increased through the work of the commission the valuation of such property from \$64,000,000 in round numbers to \$260,000,000.

An increase in the gross earnings tax on railroads from 4 per cent to 5 per cent, the net increased revenue from such property being 25 per cent.

The enactment of a comprehensive and very satisfactory graduated and progressive inheritance tax law, yielding large sums to the state.

Upon the recommendation of the commission the legislature enacted a three mill "money and credits" tax law, as the result of which the revenue from such property has been very materially increased.

Also it has caused the enactment of five per cent gross earnings tax on sleeping car companies, as the result of which the revenue from such companies has been doubled in two years.

Has recommended and procured the passage of a very satisfactory mortgage registry tax law.

It will be observed that this commission has accomplished a great deal. It is in the front rank of working commissions.

*Montana:* Organized April 1, 1913, so that there has been but little time for results. The powers of this commission are advisory only, but the com-



mission has already done some effective work towards the removal of inequalities in assessments. Much property previously under-assessed has been brought nearer to equality with other property. Has procured the assessment as property, of reserved mineral rights. Has studied the systems and laws of other states carefully, and will recommend constitutional changes permitting classification and effective equalization.

*New Hampshire:* Organized May 1, 1911. Through the work of this commission many property units, corporations, etc., have been increased in valuation for tax purposes from 100 per cent to 300 per cent. Property valuations as a whole have been increased nearly fifty per cent; the tax rate has been lowered; the general equalization of assessments has brought all property in the state to the basis of actual value.

*New Jersey:* The board of equalization of taxes is the name of this board, and in 1905 it succeeded the state board of taxation, which had been in existence since 1891. The board is an appellate board and grants remedies to appellants from the action of the local authorities, and has done much of this kind of work. Equalization of all property in the state through co-operation with local authorities has been one of the principal results.

*New York:* This commission dates from 1896. Particular attention has been given to the enforcement of the special franchises tax law, and the assessment of property thereunder, and to the organization of local assessors, and extending aid to them in order to place upon the assessment rolls all taxable personal property; and also to obtain a more equitable and just assessment of real property and a just and equitable equalization of assessment among the towns and counties of the state. Numerous achievements have resulted, enumeration of which is prevented by lack of space.

*North Dakota:* This commission is new, dating only from July 1, 1912, but has been busily at work and the results are indicative of increased results as the work of the commission progresses. The getting upon the assessment rolls of much property which escaped before the organization of the commission has had attention, and two items of about sixteen millions each of such escaped property is added, and besides these two items eight or nine millions of similar items. The revenue derived from this heretofore omitted property is estimated at \$500,000. The laws of this state do not permit the assessment of property at full value, and an attempt to get the law amended in that particular failed because of the veto of the governor. At the instance of the commission the legislature passed an inheritance tax law which is being administered by the commission. This commission has been very busy with the multitude of duties which necessarily come up in administering tax laws, through hearings, investigations, etc. The duty of equalization is placed elsewhere, but the commission makes recommendations to the state board of equalization.

It is impossible to detail briefly all the accomplishments of an active commission, and this one shows activity, and when it has a little longer life will undoubtedly have accomplished much for the public benefit.

*South Dakota:* This is one of the newest commissions, having been organized in 1913. The results of its work are:

(1) An educational movement which is causing people to take active and intelligent interest in matters of taxation.

(2) Assessed valuations have been brought up from 25 per cent or less to approximately full value as required by the constitution.

(3) Better equalization from townships to state as a whole, due to equalization according to schedule of valuations for all classes of property.

(4) The commission has recommended the codification of revenue laws, including county assessor plan, and will also recommend submission of six constitution amendments to be voted upon in 1916.

For a new commission it seems to have been busy.

*Ohio:* Since the organization of this commission in 1910 its accomplishments have been many, too numerous for detailed mention. The most salient thing is the increase in property valuations. Data for 1910 before, and for 1913 after the commission commenced its work given below indicate the increase:

	1910	1913
Value of realty.....	\$1,656,944,631	\$4,418,953,299
Value of personalty.....	827,370,943	2,300,115,670

*Rhode Island:* The work of this commission dates from February 20, 1912. A valuable educational movement was started by the commission in the organization of a state tax officials' association which meets twice a year. The quite apparent results are a more thorough understanding of tax laws and better assessments and valuations. In many other ways the commission seeks to advise the public upon matters of taxation. Large amounts of intangible property which always escaped taxation, through the efforts of the commission are now bearing a share of the tax burden. Relatively, the tax burden is much more equal than under the old system. Tax lists have been standardized and also the call for financial town meetings and the votes by which the levy is made. Like all active commissions it is doing much good which cannot be stated in detail.

*Texas:* This commission has slight control over local assessing officers as its power is only advisory. Its accomplishment has been chiefly in getting upon the tax roll the intangible assets of corporations through its own direct valuations and through co-operation with local valuers of property.

*Wisconsin:* No commission has been more active or has accomplished more than the Wisconsin commission which was the first commission to be given the extraordinary powers before mentioned; in fact, the law of Wisconsin and the work of its commission have been a guide in the reformation of tax systems in other states. It has been able to accomplish more than most other commissions because the legislature of Wisconsin has been liberal in its appropriations, and has given the commission facilities for the gathering of statistical data and expert study of all questions concerning taxation, which privilege has been denied to most other states. It is difficult to briefly summarize the work of the commission, but some of its work and recommendations are as follows:

A change from the gross receipts tax upon railroads to the assessment of railroad property on the ad valorem basis, with the application of the average

rate of the general property of the state. An exhaustive investigation into the value of this class of property was made. Later the advalorem system was extended to the property of street railway and telegraph companies.

Pursuant to the recommendation of the commission many beneficial changes in the tax laws have been made by the legislature, and among other enactments have been laws providing for tax on inheritances and an income tax, both of which laws are administered by the commission.

Wisconsin has pioneered the way in many reforms, but the most distinctive perhaps is the replacement of a large part of personal property taxation by an income tax. This law is the first of its kind in the central western states, and is enforced by the commission in a manner never equalled before in the United States in the enforcement of income tax laws, which laws exist in several of the eastern states.

The brevity required here does not permit even a mention of many other accomplishments by this commission.

*West Virginia:* In this state there is no board, only a single officer whose commission was first issued November 28, 1904. The things accomplished are:

- (1) The assessment of property at a more uniform value.
- (2) A reduction in the tax rate of more than fifty per cent.
- (3) The installation of a uniform system of accounting of public funds, which has saved to the communities hundreds of thousands of dollars.
- (4) Has secured a more vigorous enforcement of the laws relating to license taxes, with the consequence that they are paid more promptly and practically everybody who is required under the law to pay such taxes now responds. Under the old system many persons escaped the payment of license taxes.

This commissioner enjoys the unique distinction of being also the commissioner of prohibition, and is charged with the enforcement of the prohibitory laws of the state.

The results above set forth indicate that the modern commissions which have power at all approaching their needs are busy and active bodies. Other states not included might be in the same class, but data for inclusion were not available. One noticeable trend in the work of the commissions is to increase the taxes of corporations and thereby to benefit other property. This inclination should not become effective except in cases where the burden of the tax has been relatively lighter upon the property of corporations than upon other property. The taxes of corporations should not be increased for political reasons, and always in adjusting taxes the probable incidence of the tax should have consideration. The consumers of a product, whether it be transportation, transmission or otherwise, will probably in the end bear a considerable part of the tax advanced by the corporation, and the question whether special classes of con-

sumers should be taxed for the benefit of the public will bear argument.

It should seem that this article would be incomplete without at least a brief reference to the work of the National Tax Association. The national tax conferences held annually under the auspices of the association have brought together scholars, experts, legislators and practical administrators of tax laws upon a common platform for the interchange of views, and the result has been a wonderful progress toward tax reform throughout the whole country. Congressional legislation has in some instances been molded through the direct work of the association or of its members. Constitutions in states have been amended as the result of the educational work of the association so that hard and fast rules which have not permitted a relatively equal distribution of the tax burden have been removed.

Uniformity among the states as regards tax legislation is very desirable, and the association is pioneering the movement, and it is reasonable to expect that the laws of the states will ultimately be molded so as to eliminate to a large extent the unsatisfactory double taxation that is now prevalent because of conflicting state laws. It would be well if all advocates of tax reform would become members and join actively in extending the influence of the association.